



# Council Policy

## RISK MANAGEMENT

### PURPOSE

The policy confirms the commitment of Colac Otway Shire Council to the management of risk as an integral part of its activities, operations and services to the local community in accordance with the process set out in the Australian/New Zealand Joint Standard on Risk Management (AS/NZS ISO 31000:2009). To meet this commitment all employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.

### SCOPE

This policy applies to all employees, Councillors, volunteers, consultants and contractors at all levels of the organisation. It includes the functions and responsibilities for risk management, communication and consultation processes implemented by the Risk Management Committee, managers, co-ordinators, team leaders, supervisors and employees.

### DEFINITIONS

Definitions as per **AS/NZS ISO 31000**:

**Risk** is the effect of uncertainties on objectives. The “effect” of the uncertainty is any deviation from the expected and can be positive or negative. The objective could be related to finance, health & safety or environmental and could impact on different levels of the organisation (Strategic, Operational or Project based etc.).

**Exposure** is the extent to which an organisation and/or stakeholder is subject to an event.

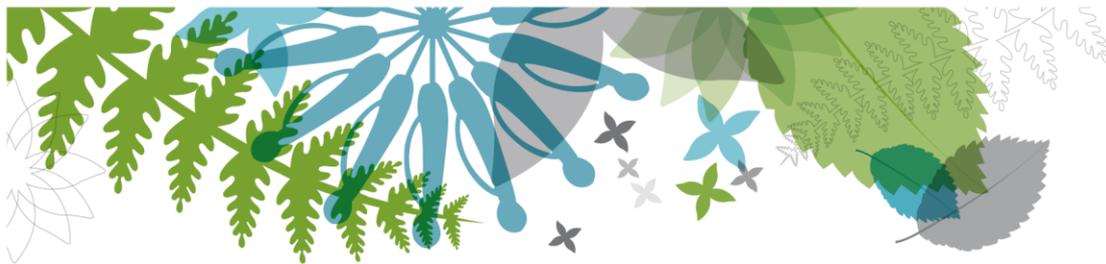
**Risk Management** is the co-ordinated activities to direct and control an organisation with regard to risk.

**Risk Management Policy** is the statement of the overall intentions and direction of an organisation related to risk management.

**Risk Appetite** is the amount and type of risk that Council is prepared to pursue, retain or tolerate. It is expressed in the form of a Risk Appetite Statement which covers a number of critical risk categories as described in Council’s Risk Matrix.

### REFERENCES

Standard AS/NZS ISO 31000: 2009



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## GUIDELINES/POLICY DETAILS

### **POLICY PRINCIPLES**

Council is committed to managing risk by logically and systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on the Council's ability to achieve the vision and strategic objectives outlined in the Council Plan.

Council believes that good Risk Management is essential for the successful implementation of the Council Plan, as it:

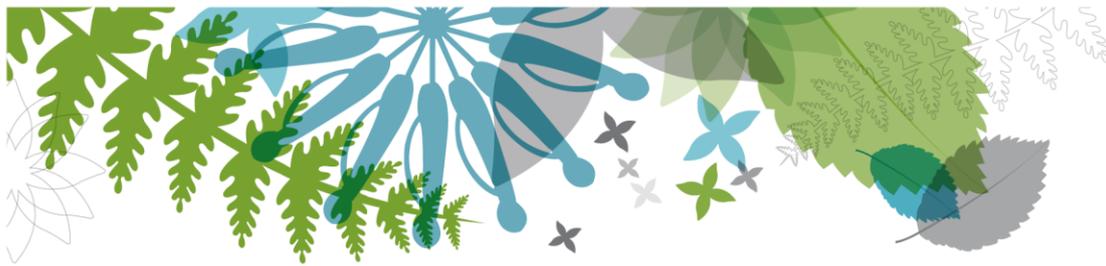
- Facilitates innovation, cooperation and the sharing of resources.
- Enhances the development and delivery of Council programs.
- Supports the Council's key values and ethics.
- Encourages a closer working partnership between the Council and the community.
- Ensures consultation with all stakeholders on key issues.
- Encourages a proactive approach to problem solving.

We manage exposure to risk by:

- Identifying risk and its sources.
- Analysing risk.
- Evaluating and implementing options to treat and reduce risk so far as reasonably practicable.
- Communicating and consulting with stakeholders to monitor and review the risk levels and the effectiveness of risk controls.

We maximise the effectiveness of risk management through compliance with the following principles:

- Risk Management creates and protects value: demonstrable achievement of objectives and improvements in our risk performance.
- Risk Management is an integral part of processes: demonstrating that management responsibility includes the accountability for risk management and its integration with our processes.
- Risk Management is part of decision making: demonstrating that risk management underpins our decision making resulting in informed choices, prioritised actions and development of alternative courses of action.
- Risk Management deals with uncertainty: demonstrating that our processes, activities and decision making address uncertainty.
- Risk Management is systematic, structured and timely: demonstrable consistent, comparable and reliable achievements in efficiency.
- Risk Management is based on best available information: demonstrating that the process of managing risk is based on data, experience, feedback, forecasts and consider the possible limitations of these information sources.
- Risk Management is tailored: processes that take into account the consideration of our risk profile.
- Human and Cultural Factors: processes accounting for the capabilities, perceptions and intention of employees and the community that may enhance or hinder our objectives.
- Transparent and Inclusive Processes: involving our decision makers, internal and external stakeholders when appropriate to ensure that our risk management is relevant and up-to-date.



- Dynamic and Responsive Processes: risk management processes designed to monitor, sense and respond to change resulting from changes in internal and external events and knowledge.
- Continued Improvement of our Organisation: recognising the need to develop and implement strategies to improve our risk management performance.

### **Communication and Consultation**

Council and its relevant committees will adopt a consultative team approach in its risk management by:

- Helping to identify risk context (e.g. organisational, environmental, financial, reputational and physical).
- Ensuring stakeholder's interest and welfare are considered and understood.
- Developing systems to effectively identify risk.
- Employing the appropriate expertise to analyse risks.
- Appropriately considering the views of our stakeholders when evaluating risk and how our performance is measured.
- Securing stakeholder support and endorsement for any plans developed to manage risk.

### **Decision Making**

***Risk Management will be a consideration in all Council decision making processes.*** In accordance with its common law 'duty of care', statutory responsibilities and Council Policy, Council will ensure that resources are allocated to:

- Minimise Council's exposure to loss and litigation;
- Protect and enhance Council's reputation;
- Protect Council's financial and physical assets;
- Implement employee health and safety programs;
- Capitalise on opportunities;
- Identify and manage risks which may cause loss or liability to Council; and
- Educate staff & Council to ensure there is a firm understanding of the principles associated with Enterprise Risk Management.

Maximum benefit is derived from the risk management processes through the:

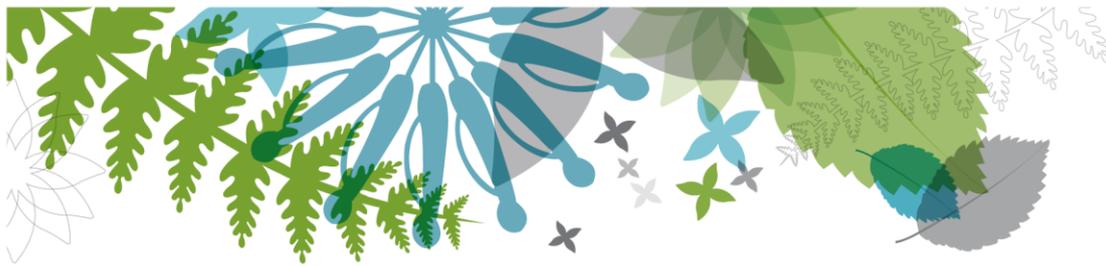
- Commitment of Council and the Executive Management Team to risk management;
- Analysis of both external and internal risks;
- Establishment of risk management responsibilities throughout the Council;
- Communication throughout Council about risk;
- Regular monitoring and reporting on processes established to manage risk to the Risk Management Committee, to the Chief Executive Officer and the Audit Committee; and
- Integrating of risk management into the business planning process and when writing every Council, Executive, Planning, Audit and Briefing report.

### **RISK APPETITE**

When risk is well-managed through the application of thorough risk assessments, appropriate contingency plans and mitigation strategies, Council is not averse to accepting risk.

In particular, Council recognises that in order to achieve its objectives and capitalise upon opportunities it will need to accept some level of well managed risk inherent in the following activities:

- Improvements to service delivery.
- Improved efficiency of Council operations.



- Decisions that promote ecologically sustainable development.
- Implementation of change and key strategic plans.
- When the cost of mitigating risk is higher than potential loss (unintended consequences must be investigated and approval sought).

Council has no appetite for risks that foreseeably may:

- Compromise the safety and welfare of staff, volunteers, third party agents and members of the community.
- Constitute a breach of regulation, legislation or internal policy.

## RESPONSIBILITY

Councillors, Management, Team Leaders, volunteers, Committees of Management, local management support groups and contractors all play a part in making Risk Management a priority as they undertake their daily tasks.

By the application of this Policy, the Council, through the Chief Executive Officer will ensure that:

- The Council and all its staff will be in a position to confidently plan for and make informed strategic, business and operational decisions; and
- Over time, all reasonably foreseeable risks will be systematically identified, assessed, analysed, prioritised and considered for appropriate treatment.

Specific responsibilities are set out in the Risk Management Procedure.

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## RELATED DOCUMENTS

RM-03 Risk Management Procedure  
 RM-01 Occupational Health and Safety Policy

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## FILE MANAGEMENT

Policy owner	Risk and OHS Coordinator	Division	Corporate Services
Adopted by council	24 October 2018	Policy Number	RM-04 Risk Management Policy
File Number	D18/109710	Review date	24 October 2022